

2002 - 2003 MASTER AGREEMENT

I. DEFINITIONS

- The following Terms when used in the agreement and the enrollment form for purchase of tuition units will have the meanings set forth below:
- A. **“Academic Year”** means the regular nine month, three quarter or two semester period annually occurring between August 1st and June 30th.
 - B. **“Account”** means the Washington Advanced College Tuition Payment Program Account, also known as Guaranteed Education Tuition, established for the deposit of money received by the Committee for the purchase of Tuition Units and investment earnings thereon and as the source for expenditures on behalf of a Student Beneficiary for the redemption and distribution of Tuition Units.
 - C. **“Agreement”** means the legally binding contract of the State with the Purchaser and in favor of the Student resulting from acceptance by the State of the Purchaser's enrollment form and establishing that the purchase of Tuition Units will be worth the same number of Tuition Units valued at the time of distribution.
 - D. **“Committee”** means the Committee on Advanced Tuition Payment which governs the Advanced College Tuition Payment Program also known as “Guaranteed Education Tuition”.
 - E. **“Custom Monthly Plan”** means a plan for the purchase of 50 to 500 Tuition Units over a period of one to eighteen years.
 - F. **“Distribution”** means payment by the Program to the Student's Institution of Higher Education toward the cost of Higher Education Expenses.
 - G. **“Family Member”** means parents, brothers, sisters, stepparents, stepbrothers, stepsisters, aunts, uncles, first cousins and other eligible blood or legal relatives.
 - H. **“Full-time tuition”** means resident tuition charges at a State Institution of Higher Education for enrollment between ten credit hours and eighteen credit hours per academic term.
 - I. **“Gift Contribution”** means the purchase of additional Tuition Units or payments by an individual who is not the original purchaser in connection with an established Agreement.
 - J. **“Higher Education Expenses”** means eligible education expenses in connection with a Student's attendance at an Institution of Higher Education which under Federal law and regulations at the time of distribution may be paid without adverse Federal tax consequences to the Program, and which as of the date hereof includes certain tuition, fees, books and housing expenses.
 - K. **“Institution of Higher Education”** means an “eligible educational institution” under USC § 529 (e)(5) of the Internal Revenue Code.
 - L. **“Organization”** means a state or local governmental unit or a 501(c)(3) nonprofit organization registered or licensed to operate in the State.
 - M. **“Program”** means the Advanced College Tuition Payment Program known as “Guaranteed Education Tuition” or “GET”.
 - N. **“Benefit Use Year”** means the year the Student may begin the distribution of benefits.
 - O. **“Purchaser”** means the individual signing and submitting the enrollment form and enrollment fee.
 - P. **“State”** means the State of Washington.
 - Q. **“State Institution of Higher Education”** means a public college or university in Washington State, which is an institution as defined in RCW 28B.10.016.
 - R. **“Student”** means the beneficiary for whom Tuition Units will be distributed for attendance at an Institution of Higher Education.
 - S. **“Tuition and Fees”** means tuition and mandatory services and activities fees as defined in RCW 28B.15.020 and 28B.15.041 rounded to the nearest whole dollar. State-mandated fees are those provided by statute, including operation, building and student activity fees. They do not include institutionally-mandated fees that may be required at each individual school. Schools may impose their own fees such as technology, library, recreation and fees to secure repayment of bonded indebtedness and other types of fees. These fees are not considered state-mandated fees and therefore are not covered in the payout value amount. The Student Beneficiary with excess value at the time of distribution may use any value of their Tuition Units at the time of distribution in excess of tuition and fees to pay other eligible Higher Education Expenses.
 - T. **“Tuition Unit”** means 1/100th of the undergraduate tuition at the highest priced public college or university in Washington State, as defined in Definition S for the academic year of distribution.
 - U. **“Weighted Average Tuition”** means the sum of the undergraduate tuition and services and activities fees for each four-year State Institution of Higher Education, multiplied by the respective full-time equivalent student enrollment at each Institution divided by the sum total of State undergraduate full-time equivalent student enrollments of all four-year Institutions of Higher Education, rounded to the nearest whole dollar.

II. ESTABLISHING AN AGREEMENT

A. Submitting an Enrollment Form

- 1. **Completed Enrollment Form.** The enrollment form submitted to the Program must be completed according to the enrollment form instructions. A separate enrollment form is required for each student.
- 2. **Initial Payment.** The Purchaser must send the payment for the nonrefundable enrollment fee with each enrollment form. The purchaser must also include payment for the purchase of a minimum of one Tuition Unit with the enrollment form if making a lump sum purchase.

B. Enrollment Form Acceptance, Agreement

- 1. **Written Confirmation by the Program.** A binding Agreement will be established once the Program confirms in writing to the Purchaser that it has accepted the enrollment form.
- 2. **Return of Enrollment Form.** If an enrollment form is not accepted, an amount equal to any payment made less the nonrefundable enrollment fee will be returned to the Purchaser.
- 3. **Title to Agreement.** The Purchaser will hold title to an Agreement, and only the Purchaser may exercise rights under such Agreement, unless the Purchaser's ownership rights are transferred to the Student as described below. Any person making a Gift Contribution will not have any title to or rights under the Agreement. If the Program is unable to locate either the Purchaser or Student within the time periods required under the Agreement, the Program will treat the value of any Tuition Units credited to the Agreement as unclaimed property and it shall become the property of the Program.
- 4. **Automatic Transfer of Ownership.** The Student designated in an Agreement will automatically assume the Purchaser's rights and responsibilities under, and title to, the Agreement in the event that the Purchaser dies, becomes legally incompetent or cannot be located by the Program and has not designated another person to assume control of the Agreement. In such event, the Program without further notice, consent, authorization or otherwise, shall act at the specific direction of the Student's designated guardian if the Student is a minor.
- 5. **Voluntary Transfer of Ownership.** The original Purchaser may transfer ownership of or rights under the Agreement to another person to act as purchaser only if such transfer is not prohibited by federal or state law or regulation, and is specifically approved in writing by the Program.

C. The Purchaser

- 1. **Qualifications.** The Purchaser of an Agreement must meet the following qualifications (as applicable):
 - a. Individual Purchasers. An individual Purchaser must provide a valid Social Security Number and/or other documentation acceptable to the Program.
 - b. Minor Purchasers. For an individual Purchaser under the age of eighteen (18), an adult must sign the enrollment form and certify that he or she will serve as guardian under the Agreement.
 - c. Purchasers Not Individuals or Members of the Family. In the case of a legal entity purchasing an Agreement, a legally authorized representative of the entity must sign the Agreement.
 - d. Scholarship Programs. An Organization may purchase an Agreement on behalf of its scholarship program.
- 2. **Notice to Purchasers.** All official notices from the Program will be directed only to the Purchaser, unless otherwise requested.

D. The Student

- 1. **Designation of Student.** Except as described below, the Agreement must designate, as beneficiary of the Agreement, a Student who has a valid Social Security Number or has applied for a Social Security Number. If the Student does not have a Social Security Number, the Purchaser must submit the Student's Social Security Number within six months after the date of receipt of the enrollment form. The Student must be a resident of the State at the time the enrollment form is submitted. The Student need not be related to the Purchaser. There is currently no age restriction for the Student. The Student may be the same person as the Purchaser.
- 2. **Scholarship Programs.** An Organization purchasing the Agreement need not designate a Student at the time of the enrollment form. The organization will be required to designate a student beneficiary as part of the requirements for initial distribution.
- 3. **Change in Designated Student.** For any reason during the Agreement term, the Purchaser may by written request designate a new Student, who must be a Family Member of the previously designated Student. No Purchaser or Student may receive payment or other consideration in connection with such a change.

III. PURCHASING TUITION UNITS

A. Enrollment Period

Annual Determination. Annually, the Program will announce an enrollment period. Enrollment forms to establish a new account may only be submitted during an enrollment period.

B. Number of Tuition Units

- 1. **Selection by Purchaser.** The Purchaser must indicate in the enrollment form the total number of Tuition Units to be purchased under the Agreement.
- 2. **Minimum Purchase.** The minimum purchase shall be one Tuition Unit. The Purchaser may select any number of Tuition Units to be purchased under the Agreement, subject to the minimum purchase amount. For each new or reinstated Agreement, the Purchaser must purchase at least the minimum purchase amount.

- 3. **Maximum Number of Tuition Units.** No Student designated in an Agreement or multiple Agreements may be the beneficiary in the aggregate of more than 500 Tuition Units.

C. Purchase Options

- 1. **Generally.** Tuition Units under an Agreement may be purchased by lump sum purchase, a Custom Monthly Plan, or a combination of the two. The Program's price charts set forth the purchase prices of specific numbers of Tuition Units paid for through lump sum purchase and through a Custom Monthly Plan purchased over a specified payment period.
- 2. **Lump Sum Purchase.** The Purchaser may choose to purchase Tuition Units covered by the Agreement in one lump sum payment at the time of the enrollment. Additional units may be purchased at a later time at the price in effect at the time of purchase of those units. Lump Sum purchases may be made at any time during the year. Each year a new price will be set for lump sum purchases. In addition to the setting of the annual unit price, the lump sum price may be adjusted to ensure the actuarial soundness of the program.
- 3. **Custom Monthly Plan.** The Purchaser may choose to purchase Tuition Units under a Custom Monthly Plan agreement by making monthly payments under a payment plan for a specific payment period designated by the Purchaser in the enrollment form. Monthly payments include an interest charge of 7.5% per annum plus the cost of processing the payments. Custom Monthly Plans may be set up for one to eighteen years in duration. The Program shall supply a coupon book to a Purchaser making monthly payments. However, each monthly installment payment will be due on the monthly due date even if the Purchaser does not receive a payment coupon book notifying the Purchaser that the payment is due. The Plan sets the price for the purchase of a specific number of Tuition Units over a specific period of time. No units purchased under a Custom Monthly Plan may be used until the agreement has been paid in full.
- 4. **Combination Purchases.** The Purchaser may also choose to purchase certain Tuition Units by Lump Sum Plan and purchase other Tuition Units under a Custom Monthly Plan.

D. Pricing of Tuition Units

- 1. **Annual Determination by Program.** For each year, the Program will use actuarial methods to determine purchase prices for Tuition Units purchased during that year. The price for Tuition Units covered by an individual Custom Monthly Plan will not change from year to year, but remain as determined at the outset of the Agreement. Units purchased under a Lump Sum Plan shall be priced annually and adjusted, if necessary, to ensure the actuarial soundness of the program.
- 2. **Determination of Prices.** The prices shall be determined based on one percent (1%) of the highest Tuition and fees, as defined above, for the four-year Washington public Institutions of Higher Education for the current year, rounded to the nearest whole dollar, adjusted for the costs of administration and adjusted to ensure the actuarial soundness of the program account. The applicable purchase prices for Tuition Units may vary depending on the purchase payment option identified in the enrollment form.

E. Methods of Payment

- 1. **Methods.** Payment of the purchase price for Tuition Units and required fees must be made in United States currency, using any of the payment methods permitted by the Program, which may include (without limitation) the following:
 - Personal or cashier's check; or
 - Money order; or
 - Automatic Bank Withdrawal (ACH) - Purchasers selecting this method must complete the Automatic Cash Transfer Authorization Form provided by the Program; or
 - Payroll deduction - Purchasers selecting this method must be employed by an organization that offers payroll deduction for the Program and must complete a payroll deduction authorization form provided by, or acceptable to, the Program.
 - Credit or debit cards – For payment of enrollment fees only.
- 2. **Fees.** Purchasers will be responsible for any fees charged by a bank or other entity that may be applicable to the payment method selected.

F. Gift Contributions

- 1. **Gift Contributions to an Existing Agreement.** A person may purchase Tuition Units for a Student designated in an existing Agreement by paying an amount referred to as a “Gift Contribution.” A Gift Contribution may purchase additional Tuition Units or, in the case of a Custom Monthly Plan, may be applied to current or future monthly payments covered by the Agreement, and together with the Tuition Units covered by the Agreement, are subject to the maximum purchase amount. If the Student has a Custom Monthly Plan and a Lump Sum Plan or only a Lump Sum Plan, all gift contributions will be added to the Lump Sum Plan. If the Student has only a Custom Monthly Plan, the gift contribution will be applied to the payments on the Custom Monthly Plan, unless the Program receives written instructions to purchase additional units.
- 2. **Gift Contributions Outside Enrollment Periods.** Persons may make Gift Contributions to an established Agreement at any time.
- 3. **Purchase Price.** The purchase price of additional Tuition Units paid for by a Gift Contribution will be the same as the price applying to lump sum purchases for that year. If applied to a Custom Monthly Plan, it is applied at the rates established in the Plan.
- 4. **Ownership of Tuition Units.** Tuition Units purchased and payments made by a Gift Contribution will be added to an existing Agreement and will be owned by and subject to direction solely by the Purchaser of the existing Agreement, as owner of the Agreement, not by the person making the Gift Contribution.
- 5. **Terms of Existing Agreement.** Purchase of Tuition Units by a Gift Contribution shall not affect the terms of the applicable existing Agreement

G. Prepayment

A Purchaser may prepay any amount due under a Custom Monthly Plan Agreement before the applicable monthly due date. The Program will automatically apply prepayments in the following order of priority:
(1) to any outstanding fees, charges, or penalties, under the Agreement; and (2) to future monthly payments in chronological order.

H. Failure to Pay When Due

- 1. **Payment Made Late.** If any monthly payment is made more than 15 days after the applicable monthly due date, such amount will be treated as a late payment. Each late payment will be subject to a late payment fee.
- 2. **Failure to Pay.** If any custom monthly payment is not made within 90 days after the applicable monthly due date, the Agreement will not be in good standing and therefore will be subject to conversion to a Lump Sum account by the Program, and subject to any applicable program fees. A Custom Monthly Plan more than 180 days behind in payments may be automatically converted to Lump Sum Plans with any outstanding fees being taken at the time of conversion.

I. Dishonored Payments

- 1. **Dishonored Payment.** If a check, automatic bank withdrawal (ACH) or other payment by a Purchaser is not honored or not paid in full by the applicable bank or other entity, the payment will be treated as a dishonored payment. Each dishonored payment will be subject to a dishonored payment fee.
- 2. **Initial Payment.** If the dishonored payment represents the initial payment, the Program may choose not to accept the enrollment form or, if the enrollment form has previously been accepted, may cancel the Agreement.
- 3. **Monthly Payment.** If the dishonored payment is a Custom Monthly Plan payment, the amounts relating to the dishonored payment will remain due.

IV. DISTRIBUTION OF TUITION UNITS

A. Distribution of Tuition Units

- For Tuition Units to be distributed, the following shall occur:
- For units purchased by a lump sum purchase, the units must have been fully paid for and the units held for two full calendar years. For units purchased by a Custom Monthly Plan the agreement must be paid in full and the agreement must have been in effect for 2 years before any units purchased under the agreement may be used.
 - The Student is enrolled in an Institution of Higher Education. Enrollment in the Running Start Program as enacted in RCW 28A.600.300 through 28A.600.410 does not qualify the Student for distribution of Tuition Units.
 - The Purchaser has notified the Program of his or her intent to have the Tuition Units distributed on behalf of the Student.
 - The Student must have enrolled on or after the Projected College Entrance Year set forth in the enrollment form.

B. Eligible Expenses

The Program is required to take steps to ensure, and may require documentation from the Purchaser and/or Student necessary to confirm, that distribution will only be used for Higher Education Expenses at an Institution of Higher Education, as allowed by federal tax law in effect at the time. From time to time, changes in federal law may affect the types of Higher Education Expenses and Institutions for which distributions may be used.

C. Timing and Maximum Distribution

Unless eligible units are available from a previous benefit use year, the Student may not redeem more than one hundred twenty-five units in the program year of August 1 to July 31. Subject to any further restrictions imposed by federal or state laws or regulations, any request for a distribution must be made within 10 years after the Projected College Entrance Year or in 10 years after the first distribution date, whichever is later, unless the Program approves the Purchaser's written request for an extension before that time.

D. Request for Distribution

The Program will provide the Purchaser with a Benefit Use Form, which must be completed and returned to the Program by the date required on the form. If the Program does not receive the form by the due date, distribution of benefits may be delayed. If the Agreement has been purchased by an Organization in connection with a scholarship program, the organization must also designate the Student and provide the information required by the Program for purposes of distribution. The information received may be verified by telephone.

E. Payment of Distribution

- Payment to Institutions.** Any distribution by the Program on behalf of a Student will be paid directly to the Institution of Higher Education at which the Student is enrolling or will, at the option of the Purchaser, be paid to the Purchaser or Student for eligible expenses other than tuition and fees.
- Conditions to Payment.** A distribution will be made only after the Program determines:
 - Eligibility of the Institution. The Student's Institution is eligible for use of such distribution under Federal tax law in effect at the time; and
 - Higher Education Expenses. The amount of any distribution will not exceed the Student's Higher Education Expenses for the applicable academic term at the Student's Institution.
- Use of Tuition Units to be Distributed.**
 - Valuation- Tuition Units shall be valued at the time of distribution as set forth in the definitions of this Agreement.
 - Tuition Units- may be used to pay for full-time or part-time tuition, fees and expenses. One full year will be actuarially defined as between 10 and 18 credit hours per quarter for three-quarters or between 10 and 18 credit hours per semester for two semesters. The Student may use additional Tuition Units to pay for credit hours in excess of 18 credit hours per quarter or semester not to exceed one hundred twenty-five units as defined by this Agreement.
 - The Student- If there is no activity on the account in the ten years after the Student reaches the Projected College Entrance Year and no notification of intended usage or request for extension has been received by the program, upon notification of the Purchaser, the Student and any other designated parties, and failure of the parties to respond within 60 days, the Program may terminate the Agreement. In this event, the rights to tuition payments or refunds under the Agreement will be forfeited and the Program will retain any funds then remaining in the account.
 - Tax Implications- The Program shall not be responsible for any State or Federal taxes imposed on the Purchaser, the Student or otherwise in connection with any such distribution and such persons are urged to consult their tax advisor.

V. REFUNDS

A. Request for Refund

Under limited circumstances, a Purchaser may request a refund.

- All refunds will be made according to Washington State law including RCW 28B.95.110 and Program rules and policies.
- The Program Director must approve refunds from accounts older than six months into which the purchaser has paid over \$500.
- Only the Purchaser of an Agreement may request a refund of all or a portion of amounts credited to the Agreement. The request for refund must include the information and documentation required by the Program. The Program will make refunds only to the Purchaser or the Student, if specified by the Purchaser. The Program will calculate the amount of any refund pursuant to the terms of the applicable Agreement.

B. Timing of Refund

- General Refund Rules.** Refunds will only be made by the Program after the Agreement has been in effect for two calendar years or such shorter period as may be imposed by federal or state law, regulations or policies. The refund amount shall be minus a refund penalty and other outstanding fees. A copy of the complete cancellation and refund policy, including instructions for requesting a refund, may be requested from the Program office.
- Refunds for Death or Disability.** Tuition Units that have been paid for by the date of the request, in the case of death or disability, will be available for refund without penalty as described above within 90 days of notifying and providing documentation to the Program. The Program may review and verify the information.
- Termination of Right to Refund.** Any value of Tuition Units under an Agreement which has not been paid as a distribution or refund within 10 years after the Student reaches the Projected College Entrance Year or 10 years after the initial distribution date, whichever is later, or as imposed by federal or state law or regulation, may be paid by the Program to the Purchaser as a refund, after deducting the refund penalty and outstanding fees from such amount. The Program shall notify the Purchaser of the value of their Units and the right to a refund prior to the expiration of the usage of the Units. If no request for a refund or extension of usage or transfer to another Student is requested, the balance shall become property of the Program.

C. Reasons for Refunds

- Refund Without Penalty.** A refund will be made by the Program, and no refund penalty will be assessed, in the following circumstances:
 - Death - In connection with the death of the designated Student, a request must be accompanied by a copy of the Student's death certificate.
 - Disability - In connection with the disability of the Student, a request must be accompanied by appropriate documentation from a medical professional demonstrating that the disability prevents or would prevent the Student from attending any Institution of Higher Education.
 - Scholarship - As a result of the Student's receipt of a scholarship, a request must be accompanied by documentation of the scholarship, including the awarding entity, the amount of the scholarship and the applicable academic term.
 - Tax Implications - The Program shall not be responsible for any state or federal taxes imposed on the Purchaser, the Student or otherwise in connection with any such refund.
- Refund With Penalty.** When a refund is approved by the Program, the Program requires the assessment of a penalty, when funds are removed for purposes other than higher education expenses. The current penalty amount is 10% of the increased value of the units held at the time of the refund, or \$100, whichever is greater. In addition, the Purchaser may be required to pay a federal IRS penalty, and may be required to pay tax on any distribution. The Purchaser agrees that the Program may reduce the amount of any refund by the amount of any applicable refund penalty and other applicable penalty, fee or charge imposed by the Program.

D. Payment of Refund

- Full Refund or Partial Refund.** By state law, refunds are limited to 100 Tuition Units per year to a Purchaser or Student Beneficiary. The refund amount paid will be based on the current value, as determined by the Committee, at the time of the refund, unless otherwise specified by statute, minus any applicable refund penalty and other outstanding fees or charges. Each Tuition Unit will be valued as one percent (1%) of the current value at the time of the refund, unless otherwise required by state law, such as the case of non-attendance.
- Refund in Connection with Scholarship.** The Purchaser may request a refund without penalty for the cash value of scholarships received by the Student for the year the scholarship is received. If, after deducting the scholarship refund, there are still units available for use, the Program shall pay tuition, fees and any eligible expenses to the Institution of Higher Education. The refund cannot exceed the value of 100 Tuition Units in a single year. The Purchaser may elect to use an amount equivalent to the scholarship to pay for the Student's other eligible Higher Education Expenses.
- Tax Implications.** The Program shall not be responsible for any state or federal taxes imposed on the Purchaser, the Student or otherwise in connection with any refund.
- Refund Fee.** The Program may charge a cancellation or refund fee.

VI. FEES/PENALTIES

The Program will establish fees and penalties, and will adjust such fees and penalties from time to time. The Purchaser should refer to the current schedule for fees and penalties provided by the Program. The Purchaser agrees that the Program shall have the right to deduct fees and penalties before any distribution. This may reduce the number of Tuition Units credited to an Agreement.

VII. AGREEMENT CANCELLATION

A. Full Cancellation.

- Program Cancellations.** The Program may cancel an Agreement immediately if: (i) the Purchaser has supplied materially false or misleading information or has made a material misrepresentation on or in connection with an enrollment form or an agreement; (ii) The Purchaser fails to provide a valid Social Security Number for the Student within six months after the date of enrollment; (iii) the value of the Tuition Units held under a Purchaser's agreement as then calculated is less than an amount determined by the Program to be minimal; (iv) the initial payment is dishonored; or (v) the Purchaser fails to comply with the terms of the Agreement (other than failure to make monthly payment by the monthly due date) and does not correct such failure within 30 days after receiving notice of such failure.
- Within three working days.** The Purchaser may cancel his or her account within three working days after the Program receives the initial payment. The Program will return all of the money in the account, including the enrollment fee.
- Within six months.** The Purchaser may cancel his or her account within six months after the Program receives the initial payment. The Program will return all of the money in the account, except the non-refundable enrollment fee.
- Accounts with less than \$500.** The Purchaser may cancel his or her account at any time, if the purchaser has paid \$500 or less into his or her account. The Program will return all the purchaser's money, except the non-refundable enrollment fee.

B. Account Conversion

If an Agreement is not in good standing, the Program may declare a conversion of the Agreement. Monthly payments on a converted account will be used to purchase paid-in-full lump sum units at the prices in effect on the payment date. The Program, at its sole discretion, may reinstate an Agreement to good standing upon receiving payment of the full amount due and unpaid under the Agreement, including a reinstatement fee. If the Agreement is not so reinstated by the Program, any Tuition Units not paid for will no longer be available for purchase under the Agreement.

C. Cancellation Fees

In the event of any full cancellation by the Program, the Program may deduct any applicable refund penalty and any other unpaid fees and charges from amounts credited to the Agreement and shall then transmit to the Purchaser any remaining amounts credited.

VIII. OPERATION OF THE FUND

A. Pooled Accounts

All amounts received under Agreements will be commingled and held by the Program in accordance with federal and state law. The Program will not separately invest amounts paid under an individual agreement, but will maintain records in connection with each Agreement showing the Purchaser, the Student, the amount paid and the number of Tuition Units purchased, distributed and refunded in connection with an Agreement.

B. Investment and Use

- Investment.** The Program is permitted to invest amounts paid under Agreements in accordance with state law and the State Investment Board's investment policy. The Program is not required to invest such amounts. The Program may apply such amounts to pay for or reimburse the State Investment Board for its administrative expenses in connection with the Program.
- Investment Not Subject to Direction.** No Purchaser or Student may direct the investment of amounts paid to or otherwise held by the Program in connection with any Agreement.

C. Reserve

The Program will accumulate amounts as a stabilization reserve, available to pay obligations of the Program if the Program does not otherwise have revenues in any particular year sufficient to pay such obligations. Reserve amounts will not be held, maintained or invested separately by the Program.

D. Annual Program Analysis

In accordance with state law, the Program will have an annual evaluation of the actuarial soundness of the Program.

E. Fund Termination

- Declaration of Termination.** If the State declares that the Program is not financially feasible, or for any other reason determines that the Program shall be terminated, the Committee will cease to accept any further Tuition Unit Agreements or purchases.
- Remaining Tuition Units.** The remaining Tuition Units for all students who have either enrolled in higher education or who are within four years of their eighteenth birth date shall be honored until such Tuition Units have been exhausted, or for ten fiscal years from the date the program was terminated, whichever comes first. All other purchasers shall receive a refund equal to the current value of the Tuition Units in effect at the time of termination, as determined by the Committee.
- At the End of the Ten Year Closeout Period.** At the end of the ten-year closeout period, any Tuition Units remaining unused by current students enrolled in higher education shall be refunded at the value of the Weighted Average Tuition Unit in effect at the end of the ten-year closeout period.
- Remaining Fund.** At the end of the ten year closeout period, all other funds not needed to make refunds or to pay for administrative costs shall be deposited in the State General Fund.

F. State Guarantee

The Washington Advanced College Tuition Payment Program is an essential State governmental function. Agreements with eligible participants shall be contractual obligations legally binding on the State. If, and only if, the money in the Program is projected to be insufficient to cover the Program's contracted expenses for a given biennium, then the legislature shall appropriate to the Program the amount of money necessary to cover such expenses. Distributions shall be made as outlined in Sections IV and V of this document.

IX. Other Considerations

A. Transferability

The agreement between the State and the Purchaser is not transferable by the Purchaser for payment or other consideration except as allowed under Sections II B (4) and (5). No Purchaser, Student or other person or entity may pledge an Agreement or any amounts credited to an Agreement as collateral in connection with a loan or other arrangement.

B. Tax Consideration

The Program is a qualified State tuition program under the Internal Revenue Code, Section 529, and is subject to any changes to federal or state law. Federal law, effective Jan. 1, 2002, permits Purchasers or Students to be exempt from payment of income tax on any such increased value if benefits are used for eligible educational expenses. Currently the distribution would be available for the Hope Tax Credit and Life Long Learning Tax Credit. Such federal or state tax treatment may or may not continue in the future. All Purchasers and Students are solely responsible for payment of any applicable taxes or submission of any required forms or other documents to taxing entities. The Program is not liable for the effect of any state or federal taxes on any transactions or activity in conjunction with the Agreement. Purchasers are strongly advised to consult a tax advisor regarding the consequences of their participation in the Program.

C. Securities Law Considerations

Agreements may be considered securities for the purposes of certain state and federal laws. The Program may be prevented from allowing potential purchasers located in certain states to establish contracts, or may be required to make certain filings or pay certain fees to be included.

D. Financial Aid Eligibility

The Program cannot determine and makes no representation as to what effect, if any, an Agreement may have on future state, federal, institutional, or private financial aid eligibility of any Student. The receipt of, or potential for receipt of, distributions or refunds under an Agreement may affect a Student's qualification for or receipt of such financial aid.

E. Residency, Financial Aid, and Academic Status

Purchase of an Agreement or other participation in the Program, including being named as a Student under an Agreement, does not constitute any guarantee of:

- Admission to any Institution of Higher Education; or
- Classification as a resident of the state of Washington for purpose of admission to or tuition at any public State Institution of Higher Education; or
- Eligibility for any form of state, federal, institutional or private student financial aid; or
- Graduation from any institution of higher education.

X. MISCELLANEOUS

A. Notice to Program

Notice to the Program shall be sent to Guaranteed Education Tuition, PO Box 43450 Olympia, Washington 98504-3450 or by facsimile to (360) 704-6200 or the Program may be contacted by email: GETInfo@hec.wa.gov.

B. Records

Records for the Program shall be subject to the public disclosure laws of the State and the exemption from disclosure provided therein.

C. Washington Law Governs

The laws of the state of Washington shall govern each Agreement. Purchasers agree to jurisdiction of the Washington state courts over any disputes in connection with the Program or any Agreement.

D. Amendments

The Program reserves the right to amend any Agreement to the extent required by law or to the extent necessary or desirable in order to preserve favorable tax treatment under federal and state law and to make technical corrections.

E. Severability

If any court of competent jurisdiction finds any portion of these agreement terms or the enrollment form to be invalid or unenforceable, such invalid or unenforceable portion shall be severed from these agreement terms or the enrollment form, as applicable, and the remainder of these agreement terms or the enrollment form will remain in full force and effect.

F. Purchases by Persons Employed or Related to the Program

Members of the Committee on Advanced Tuition Payment, Program staff and persons employed by service providers in connection with the Program may purchase Tuition Units to the extent consistent with state and federal law and upon the same terms and conditions as the public at large.